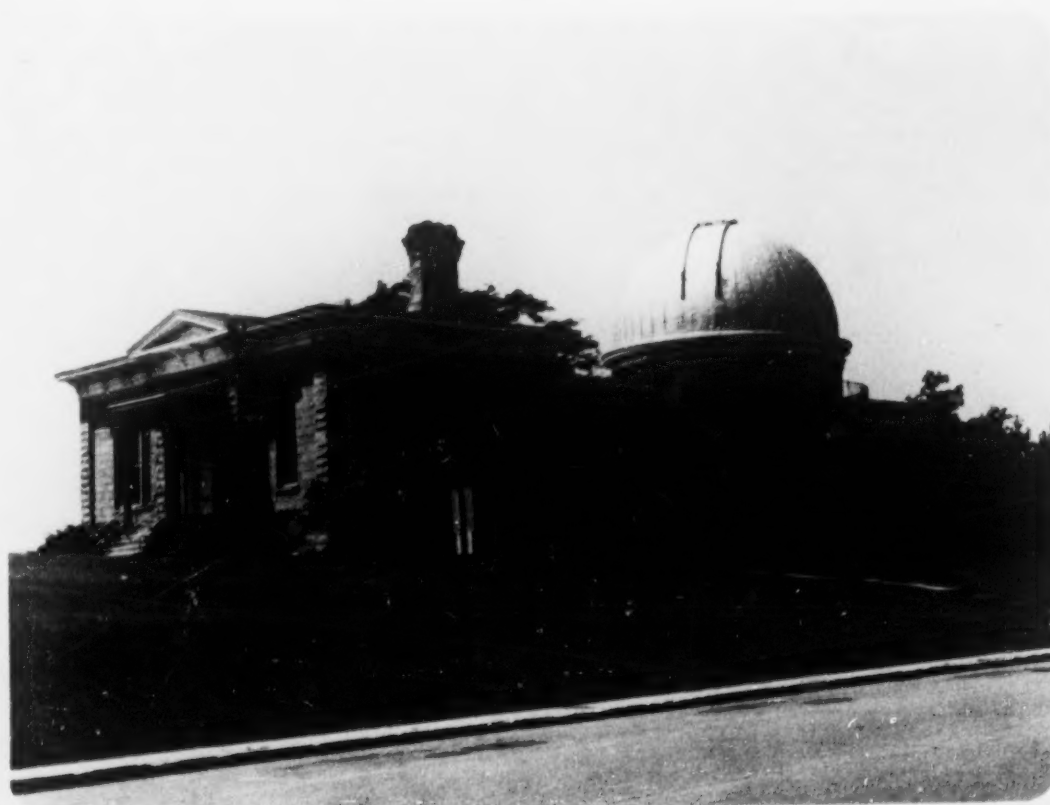


# WISCONSIN ECONOMIC INDICATORS

AUGUST 1989



**DILHR**

DEPARTMENT OF  
INDUSTRY, LABOR & HUMAN RELATIONS

# WISCONSIN DATA AND SOURCES

| INDICATOR                                     | SOURCES                                          |
|-----------------------------------------------|--------------------------------------------------|
| L1 Composite Index of Leading Indicators      | Wi. Dept. of Industry, Labor and Human Relations |
| L2 Average Work Week, Manufacturing           | Wi. Dept. of Industry, Labor and Human Relations |
| L3 Average Overtime Hours, Mfg                | Wi. Dept. of Industry, Labor and Human Relations |
| L4 Average Weekly Initial Claims              | Wi. Dept. of Industry, Labor and Human Relations |
| L5 Total Job Openings Received                | Wi. Dept. of Industry, Labor and Human Relations |
| L6 New Business Incorporations                | Wisconsin Secretary of State                     |
| L7 Net Gain in Business Phone Access Lines    | Wi. Telephone Co. and General Telephone Co.      |
| L8 Building Plans Examined                    | Wi. Dept. of Industry, Labor and Human Relations |
| C1 Help-Wanted Advertising Index (Milw.)      | National Industrial Conference Board             |
| C2 Total Unemployment Rate                    | Wi. Dept. of Industry, Labor and Human Relations |
| C3 Natural Gas Sales                          | Wisconsin Public Service Commission              |
| C4 New Car Registrations                      | Wi. Dept. of Transportation                      |
| C5 Electric Power Sales                       | Wisconsin Public Service Commission              |
| C6 Total Security Registrations               | Wisconsin Commissioner of Securities             |
| C7 Manufacturing Employment                   | Wi. Dept. of Industry, Labor and Human Relations |
| C8 Average Weekly Earnings, Mfg               | Wi. Dept. of Industry, Labor and Human Relations |
| C9 Cash Receipts From Farm Marketing          | U.S. Department of Agriculture                   |
| C10 Contract Construction Employment          | Wi. Dept. of Industry, Labor and Human Relations |
| X1 Birth Registrations                        | Wi. Dept. of Health and Social Services          |
| X2 Death Registrations                        | Wi. Dept. of Health and Social Services          |
| X3 Natural Net Gain in Population             | Wi. Dept. of Health and Social Services          |
| X4 Marriage Registrations                     | Wi. Dept. of Health and Social Services          |
| X5 Consumer Price Index (Milwaukee)           | U.S. Bureau of Labor Statistics                  |
| X6 Index of Prices Received By Farmers        | Wisconsin Department of Agriculture              |
| X7 Net Gain in Residential Phone Access Lines | Wi. Telephone Co. and General Telephone Co.      |
| X8 Labor Disputes, No. of Workers             | Wi. Dept. of Industry, Labor and Human Relations |
| X9 Unemployment Compensation Exhaustees       | Wi. Dept. of Industry, Labor and Human Relations |

NOTES: Selected series are seasonally adjusted by the Bureau of the Census X-11 Variant of the census Method 11 Seasonal Adjustment Program.

SECTION A is a summary of recent data and current changes for all indicators and is presented in chart form. The indicators are presented with cyclical timing as the principle basis of classification.

SECTION B is a summary of Wisconsin Labor Force Estimates, including Employment, Unemployment and Unemployment Rates, and selected U.S. data.

SECTION C analyzes the Wisconsin labor force by industry and by specified Metropolitan Statistical Areas.

SECTION D singles out certain economic time series as being leading or coinciding in relation to movements in aggregate economic activity. They are seasonally adjusted and presented graphically.

COVER PHOTO: Courtesy of Wisconsin Division of Tourism Development

# WISCONSIN ECONOMIC INDICATORS

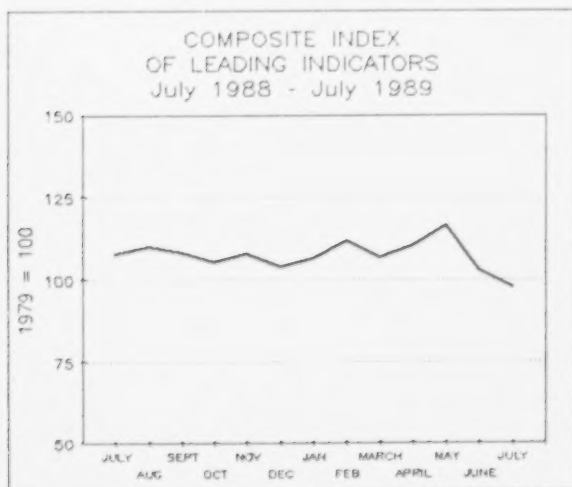
## SUMMARY FOR JULY

### COMPOSITE INDEX

Wisconsin's Composite Index of leading economic indicators decreased by 5.3 points in July, a substantial decline. Moreover, this is the second straight monthly decline of the index and is the first time since September of 1987 that the index dropped below 100 points.

Two month's data is simply not enough to signify economic decline.

And, a decline in one indicator, the number of commercial and industrial building plans examined, accounted for over forty percent of the decrease in the index.



### LEADING INDICATORS

The average workweek in Wisconsin's manufacturing sector increased by one-tenth of an hour. While that seems

slight, the workweek normally decreases slightly in July.

At the same time, the employment level in manufacturing increased by over two thousand. An increase of manufacturing employment is normal for July, but this month's growth surpasses the seasonal pattern. Thus, manufacturing activity in Wisconsin increased briskly during July.

There is a trade-off. The larger number of production workers coupled with the longer "straight-time" workweek means less overtime. The average weekly overtime hours decreased by one-tenth in July. A slight increase of overtime is normal in July.

The average number of weekly initial claims for unemployment compensation increased by over 1,300 in July. However, the initial claims average usually does increase this month. About two-thirds of the July increase is due to normal seasonal factors.

The number of job openings received by Job Service offices throughout the state decreased by 29 in July. That is subpar for the month ... an increase of over eight-hundred would be normal.

The net growth of business telephone access line increased by 2,700, a gain which is above the normal seasonal pattern. The access line growth indicates an increase of business sites.

The number of commercial and industrial building plans examined decreased by just over a hundred in July. Some decrease is normal, but a normal decline would be of much smaller magnitude.

## A

## WISCONSIN ECONOMIC INDICATORS

| INDICATOR                                      | UNIT      | MONTHLY SERIES |         |         | % CHANGE |        | AVG.   |        |
|------------------------------------------------|-----------|----------------|---------|---------|----------|--------|--------|--------|
|                                                |           | Latest Month   | Mo. Ago | Yr. Ago | Mo/Ago   | Yr/Ago | 1988   |        |
| LEADING INDICATORS                             |           |                |         |         |          |        |        |        |
| L1 COMPOSITE INDEX OF LEADING INDICATORS       |           |                |         |         |          |        |        |        |
| Seasonally Adjusted                            | Index     | JULY           | 97.4    | 102.7   | 107.5    | -5.2%  | -9.4%  | 97.9   |
| L2 AVG. WORK WEEK, MFG.                        |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Hours     | JULY           | 41.3    | 41.2    | 41.5     | 0.2%   | -0.5%  | 41.7   |
| Seasonally Adjusted                            |           |                | 41.5    | 41.3    | 41.8     | 0.5%   | -0.7%  |        |
| L3 AVG. OVERTIME HOURS, MFG.                   |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Hours     | JULY           | 3.7     | 3.8     | 4.0      | -2.6%  | -7.5%  | 4.1    |
| Seasonally Adjusted                            |           |                | 3.8     | 4.0     | 4.2      | -5.0%  | -9.5%  |        |
| L4 AVG. WEEKLY INITIAL CLAIMS                  |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Number    | JULY           | 7763    | 6398    | 6658     | 21.3%  | 16.6%  | 6833   |
| Seasonally Adjusted                            |           |                | 8576    | 8088    | 7384     | 6.0%   | 16.1%  |        |
| L5 TOTAL JOB OPENINGS RECEIVED                 |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Number    | JULY           | 8026    | 8055    | 9556     | -0.4%  | -16.0% | 8063   |
| Seasonally Adjusted                            |           |                | 6790    | 7693    | 8083     | -11.7% | -16.0% |        |
| L6 NEW BUSINESS INCORPORATIONS                 |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Number    | JULY           | 504     | 726     | 488      | -30.6% | 3.3%   | 595    |
| Seasonally Adjusted                            |           |                | 502     | 681     | 487      | -26.3% | 3.1%   |        |
| L7 NET GAIN IN BUSINESS TELEPHONE ACCESS LINES |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Number    | JULY           | 3758    | 1058    | 1514     | 255.2% | 148.2% | 2471   |
| Seasonally Adjusted                            |           |                | 2542    | 2468    | 2556     | 3.0%   | -0.5%  |        |
| L8 BUILDING PLANS EXAMINED                     |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Number    | JULY           | 568     | 669     | 700      | -15.1% | -18.9% | 613    |
| Seasonally Adjusted                            |           |                | 474     | 561     | 584      | -15.5% | -18.8% |        |
| COINCIDING INDICATORS                          |           |                |         |         |          |        |        |        |
| C1 HELP-WANTED INDEX (MILW.)                   |           |                |         |         |          |        |        |        |
| Seasonally Adjusted                            | Index     | JULY           | 72      | 97      | 74       | -25.8% | -2.7%  | 97     |
| C2 UNEMPLOYMENT RATE, TOTAL                    |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Percent   | JULY           | 4.0     | 4.5     | 3.6      | .....  | .....  | 4.3    |
| Seasonally Adjusted                            |           |                | 4.5     | 4.7     | 4.0      | .....  | .....  |        |
| C3 NATURAL GAS SALES                           |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Mil.      | JUNE           | 77.0    | 124.8   | 59.6     | -38.3% | 29.2%  | 190.9  |
| Seasonally Adjusted                            | Therms    |                | 183.8   | 216.7   | 142.1    | -15.2% | 29.3%  |        |
| C4 NEW CAR REGISTRATIONS                       |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Number    | JULY           | 16,918  | 16,118  | 14,765   | 5.0%   | 14.6%  | 14,734 |
| Seasonally Adjusted                            |           |                | 15,777  | 12,306  | 13,759   | 28.2%  | 14.7%  |        |
| C5 ELECTRIC POWER SALES                        |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Mil. KWH  | JUNE           | 2422.9  | 2434.8  | 2543.6   | -0.5%  | -4.7%  | 2397.3 |
| Seasonally Adjusted                            |           |                | 2345.5  | 2466.9  | 2461.9   | -4.9%  | -4.7%  |        |
| C6 TOTAL SECURITIES REGISTRATIONS              |           |                |         |         |          |        |        |        |
| Unadjusted                                     | Mil. Dol. | JUNE           | 74.5    | 162.5   | 141.1    | -54.2% | -47.2% | 156.1  |
| Seasonally Adjusted                            |           |                | 64.8    | 172.7   | 122.8    | -62.5% | -47.2% |        |

## Section

## A

## WISCONSIN ECONOMIC INDICATORS

| INDICATOR                                         | UNIT      | MONTHLY SERIES |           |           | % CHANGE  |         | - AVG.  |          |
|---------------------------------------------------|-----------|----------------|-----------|-----------|-----------|---------|---------|----------|
|                                                   |           | Latest Month   | Mo. Ago   | Yr. Ago   | Mo/Ago    | Yr/Ago  | 1988    |          |
| C7 MANUFACTURING EMPLOYMENT                       |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Thous.    | JULY           | 563.0     | 560.8     | 562.1     | 0.4%    | 0.2%    | 550.7    |
| Seasonally Adjusted                               |           |                | 553.0     | 552.5     | 551.9     | 0.1%    | 0.2%    |          |
| C8 AVG. WEEKLY EARNINGS, MFG.                     |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Dollars   | JULY           | \$438.61  | \$440.02  | \$438.24  | -0.3%   | 0.1%    | \$443.48 |
| Seasonally Adjusted                               |           |                | \$444.84  | \$443.57  | \$444.64  | 0.3%    | 0.0%    |          |
| C9 CASH RECEIPTS FROM FARM MKTG.                  |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Mil. Dol. | MAY            | 414.2     | 399.6     | 393.7     | 3.7%    | 5.2%    | 408.6    |
| Seasonally Adjusted                               |           |                | 430.6     | 436.2     | 409.1     | -1.3%   | 5.3%    |          |
| C10 CONTRACT CONSTRUCTION EMPL.                   |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Thous.    | JULY           | 81.5      | 79.8      | 76.7      | 2.1%    | 6.3%    | 71.5     |
| Seasonally Adjusted                               |           |                | 72.4      | 73.3      | 68.1      | -1.2%   | 6.3%    |          |
| OTHER KEY INDICATORS                              |           |                |           |           |           |         |         |          |
| X1 BIRTH REGISTRATIONS                            |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 6188      | 6974      | 5919      | -11.3%  | 4.5%    | 5905     |
| Seasonally Adjusted                               |           |                | 5805      | 6591      | 5552      | -11.9%  | 4.6%    |          |
| X2 DEATH REGISTRATIONS                            |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 3395      | 3390      | 3412      | 0.1%    | -0.5%   | 3632     |
| Seasonally Adjusted                               |           |                | 3514      | 3404      | 3533      | 3.2%    | -0.5%   |          |
| X3 NATURAL NET GAIN POPULATION                    |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 2793      | 3557      | 2507      | -21.5%  | 11.4%   | 2274     |
| Seasonally Adjusted                               |           |                | 2306      | 3107      | 2071      | -25.8%  | 11.3%   |          |
| X4 MARRIAGE REGISTRATIONS                         |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 4506      | 5306      | 4201      | -15.1%  | 7.3%    | 3468     |
| Seasonally Adjusted                               |           |                | 3442      | 3521      | 3210      | -2.2%   | 7.2%    |          |
| X5 CONSUMER PRICE INDEX                           |           |                | (Jun '89) | (Dec '88) | (Jun '88) |         |         |          |
| Unadjusted (1982-1984 = 100)                      | Index     | JUNE           | 120.3     | 117.2     | 114.5     | 2.6%    | 5.1%    | 115.9    |
| X6 PRICES RECEIVED BY FARMERS                     |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Index     | JULY           | 143       | 142       | 129       | 0.7%    | 10.9%   | 135      |
| Seasonally Adjusted                               |           |                | 146       | 144       | 132       | 1.4%    | 10.6%   |          |
| X7 NET GAIN IN RESIDENTIAL TELEPHONE ACCESS LINES |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 1540      | 2400      | 2391      | -164.2% | -164.4% | 2208     |
| Seasonally Adjusted                               |           |                | 1497      | 1659      | 2157      | -9.8%   | -30.6%  |          |
| X8 LABOR DISPUTES, NO. OF WORKERS                 |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 71        | 221       | 41        | -67.9%  | 73.2%   | 107      |
| Seasonally Adjusted                               |           |                | 73        | 280       | 42        | -73.9%  | 73.8%   |          |
| X9 UNEMPLOYMENT COMPENSATION EXHAUSTEES           |           |                |           |           |           |         |         |          |
| Unadjusted                                        | Number    | JULY           | 11,680    | 11,962    | 15,053    | -2.4%   | -22.4%  | 14102    |
| Seasonally Adjusted                               |           |                | 10,845    | 10,998    | 14,179    | -1.4%   | -23.5%  |          |

## B

## LABOR FORCE ESTIMATES

| WISCONSIN LABOR FORCE ESTIMATES<br>JULY | (In Thousands) |         |         | % CHANGE |        |
|-----------------------------------------|----------------|---------|---------|----------|--------|
|                                         | Latest Mo.     | Mo. Ago | Yr. Ago | Mo/Ago   | Yr/Ago |
| Unadjusted                              |                |         |         |          |        |
| CIVILIAN LABOR FORCE                    | 2665.2         | 2683.7  | 2632.0  | -0.7%    | 1.3%   |
| Employment (incl. Labor Disputes)       | 2557.6         | 2562.5  | 2537.1  | -0.2%    | 0.8%   |
| Unemployment                            | 107.5          | 121.2   | 94.9    | -11.3%   | 13.3%  |
| Unemployment Rate                       | 4.0            | 4.5     | 3.6     | .....    | .....  |
| Seasonally Adjusted                     |                |         |         |          |        |
| CIVILIAN LABOR FORCE                    | 2604.2         | 2616.1  | 2570.2  | -0.5%    | 1.3%   |
| Employment (incl. Labor Disputes)       | 2487.9         | 2492.7  | 2467.5  | -0.2%    | 0.8%   |
| Unemployment                            | 116.3          | 123.4   | 102.7   | -5.8%    | 13.2%  |
| Unemployment Rate                       | 4.5            | 4.7     | 4.0     | .....    | .....  |

| WISCONSIN EMPLOYMENT ESTIMATES<br>JULY | (In Thousands) |         |         | % CHANGE |        |
|----------------------------------------|----------------|---------|---------|----------|--------|
|                                        | Latest Mo.     | Mo. Ago | Yr. Ago | Mo/Ago   | Yr/Ago |
| Unadjusted                             |                |         |         |          |        |
| TOTAL NONFARM WAGE AND SALARY WORKERS  | 2201.3         | 2225.4  | 2161.1  | -1.1%    | 1.9%   |
| Manufacturing                          | 562.9          | 560.6   | 562.1   | 0.4%     | 0.1%   |
| Mining                                 | 2.9            | 2.9     | 2.6     | 0.0%     | 11.5%  |
| Contract Construction                  | 81.5           | 79.8    | 76.7    | 2.1%     | 6.3%   |
| Transportation and Public Utilities    | 98.1           | 101.5   | 95.6    | -3.3%    | 2.6%   |
| Electric, Gas and Sanitary Services    | 17.7           | 17.8    | 17.7    | -0.6%    | 0.0%   |
| Wholesale Trade                        | 114.0          | 113.4   | 110.7   | 0.5%     | 3.0%   |
| Retail Trade                           | 412.4          | 412.9   | 404.0   | -0.1%    | 2.1%   |
| General Merchandise                    | 47.4           | 47.8    | 48.2    | -0.8%    | -1.7%  |
| Finance, Insurance and Real Estate     | 121.2          | 120.6   | 116.6   | 0.5%     | 3.9%   |
| Banking                                | 28.6           | 28.2    | 27.9    | 1.4%     | 2.5%   |
| Insurance                              | 42.8           | 42.6    | 40.6    | 0.5%     | 5.4%   |
| Service and Miscellaneous              | 498.2          | 499.1   | 487.5   | -0.2%    | 2.2%   |
| Hospitals                              | 74.7           | 74.7    | 73.0    | 0.0%     | 2.3%   |
| Private Education                      | 21.6           | 23.4    | 22.0    | -7.7%    | -1.8%  |
| Government                             | 310.1          | 334.6   | 305.3   | -7.3%    | 1.6%   |
| State Government                       | 80.6           | 83.1    | 76.5    | -3.0%    | 5.4%   |
| Local Government                       | 199.5          | 221.4   | 199.7   | -9.9%    | -0.1%  |

| UNITED STATES LABOR FORCE ESTIMATES<br>AUGUST | (In Thousands) |         |         | % CHANGE |        |
|-----------------------------------------------|----------------|---------|---------|----------|--------|
|                                               | Latest Mo.     | Mo. Ago | Yr. Ago | Mo/Ago   | Yr/Ago |
| Seasonally Adjusted                           |                |         |         |          |        |
| CIVILIAN LABOR FORCE                          | 124,018        | 123,956 | 122,000 | 0.1%     | 1.7%   |
| Employment (incl. Labor Disputes)             | 117,597        | 117,459 | 115,203 | 0.1%     | 2.1%   |
| Unemployment                                  | 6,421          | 6,497   | 6,797   | -1.2%    | -5.5%  |
| Unemployment Rate                             | 5.2%           | 5.2%    | 5.6%    | .....    | .....  |

# WISCONSIN ECONOMIC INDICATORS

| MANUFACTURING EMPLOYMENT<br>Unadjusted<br>JULY | (In Thousands) |         |         | % CHANGE |        |
|------------------------------------------------|----------------|---------|---------|----------|--------|
|                                                | Latest Mo.     | Mo. Ago | Yr. Ago | Mo/Ago   | Yr/Ago |
| All Manufacturing (Incl. Canning)              | 562.9          | 560.6   | 562.1   | 0.4%     | 0.1%   |
| All Manufacturing (Excl. Canning)              | 546.5          | 549.6   | 545.9   | -0.6%    | 0.1%   |
| Durable Goods                                  | 337.7          | 340.1   | 341.3   | -0.7%    | -1.1%  |
| Lumber and Wood Products (Excl. Furniture)     | 29.7           | 29.6    | 29.7    | 0.3%     | 0.0%   |
| Furniture and Fixtures                         | 12.0           | 12.1    | 11.8    | -0.8%    | 1.7%   |
| Stone, Clay, and Glass Products                | 9.7            | 9.7     | 9.7     | 0.0%     | 0.0%   |
| Primary Metal Industries                       | 22.5           | 23.1    | 22.2    | -2.6%    | 1.4%   |
| Iron and Steel Foundries                       | 11.6           | 11.7    | 11.1    | -0.9%    | 4.5%   |
| Fabricated Metal Products                      | 60.1           | 59.6    | 58.6    | 0.8%     | 2.6%   |
| Fabricated Structural Metal Products           | 14.5           | 14.4    | 14.5    | 0.7%     | 0.0%   |
| Metal Stampings                                | 11.4           | 11.3    | 11.5    | 0.9%     | -0.9%  |
| Machinery (Excl. Electrical)                   | 107.1          | 108.8   | 107.0   | -1.6%    | 0.1%   |
| Engines and Turbines                           | 16.7           | 17.2    | 19.7    | -2.9%    | -15.2% |
| Farm Machinery and Equipment                   | 11.6           | 13.0    | 12.8    | -10.8%   | -9.4%  |
| Constr., Mining, Material Handling Machinery   | 11.8           | 11.7    | 11.0    | 0.9%     | 7.3%   |
| Metalworking Machinery and Equipment           | 14.3           | 14.3    | 12.8    | 0.0%     | 11.7%  |
| Special Ind. Mach., Excl. Metalworking         | 14.7           | 14.7    | 14.0    | 0.0%     | 5.0%   |
| Gen. Industrial Mach. and Equip.               | 15.5           | 15.4    | 14.1    | 0.6%     | 9.9%   |
| Electrical Machinery, Equip. and Supplies      | 47.1           | 47.7    | 47.7    | -1.3%    | -1.3%  |
| Electrical Industrial Apparatus                | 15.9           | 16.0    | 16.0    | -0.6%    | -0.6%  |
| Transportation Equipment                       | 26.3           | 26.0    | 31.7    | 1.2%     | -17.0% |
| Motor Vehicles and Equipment                   | 19.3           | 19.0    | 25.0    | 1.6%     | -22.8% |
| Instrument and Related Products                | 13.2           | 13.3    | 12.9    | -0.8%    | 2.3%   |
| Miscellaneous Manufacturing                    | 10.0           | 10.2    | 10.0    | -2.0%    | 0.0%   |
| Nondurable Goods                               | 225.2          | 220.5   | 220.8   | 2.1%     | 2.0%   |
| Food and Kindred Products                      | 69.7           | 64.6    | 68.1    | 7.9%     | 2.3%   |
| Meat Products                                  | 14.9           | 14.8    | 14.4    | 0.7%     | 3.5%   |
| Dairy Products                                 | 18.4           | 18.5    | 17.9    | -0.5%    | 2.8%   |
| Canning and Preserving                         | 16.3           | 11.0    | 16.0    | 48.2%    | 1.9%   |
| Bakery Products                                | 4.8            | 4.8     | 4.4     | 0.0%     | 9.1%   |
| Beverage Industries                            | 8.0            | 8.0     | 8.1     | 0.0%     | -1.2%  |
| Textile Mill Products                          | 4.5            | 4.3     | 5.0     | 4.7%     | -10.0% |
| Apparel and Other Finished Products            | 6.9            | 7.0     | 7.5     | -1.4%    | -8.0%  |
| Paper and Allied Products                      | 51.7           | 51.8    | 51.8    | -0.2%    | -0.2%  |
| Pulp and Paper Mills                           | 31.2           | 31.2    | 31.4    | 0.0%     | -0.6%  |
| Printing, Publishing and Allied Products       | 46.8           | 46.5    | 44.1    | 0.6%     | 6.1%   |
| Chemicals and Allied Products                  | 10.9           | 10.9    | 10.7    | 0.0%     | 1.9%   |
| Rubber and Misc. Plastics Products             | 28.9           | 28.9    | 26.5    | 0.0%     | 9.1%   |
| Miscellaneous Plastics Products                | 24.2           | 24.2    | 22.1    | 0.0%     | 9.5%   |
| Leather and Leather Products                   | 5.6            | 6.3     | 6.8     | -11.1%   | -17.6% |

## WISCONSIN EARNINGS AND HOURS DATA

| EARNINGS AND HOURS<br>Unadjusted<br>JULY     | Average Weekly<br>Earnings |          |          | Average Weekly<br>Hours |         |         |
|----------------------------------------------|----------------------------|----------|----------|-------------------------|---------|---------|
|                                              | Latest Mo.                 | Mo. Ago  | Yr. Ago  | Latest Mo.              | Mo. Ago | Yr. Ago |
|                                              |                            |          |          |                         |         |         |
| All Manufacturing (Incl. Canning)            | \$438.61                   | \$440.02 | \$438.24 | 41.3                    | 41.2    | 41.5    |
| All Manufacturing (Excl. Canning)            | 442.24                     | 443.81   | 444.94   | 41.1                    | 41.4    | 41.7    |
| Durable Goods                                | 437.63                     | 441.91   | 449.40   | 40.9                    | 41.3    | 42.0    |
| Lumber and Wood Products (Excl. Furniture)   | 314.98                     | 327.55   | 327.10   | 38.6                    | 39.8    | 41.3    |
| Furniture and Fixtures                       | 360.83                     | 365.06   | 356.17   | 42.5                    | 43.1    | 42.1    |
| Stone, Clay, and Glass Products              | 466.40                     | 459.36   | 448.34   | 46.5                    | 46.4    | 46.8    |
| Primary Metal Industries                     | 446.27                     | 462.01   | 445.28   | 42.3                    | 43.3    | 43.4    |
| Iron and Steel Foundries                     | 457.18                     | 469.92   | 456.97   | 44.3                    | 44.5    | 45.2    |
| Fabricated Metal Products                    | 417.77                     | 416.96   | 411.48   | 40.6                    | 40.6    | 40.7    |
| Fabricated Structural Metal Products         | 431.15                     | 427.43   | 421.02   | 41.9                    | 41.7    | 42.7    |
| Metal Stampings                              | 462.89                     | 465.56   | 447.82   | 41.0                    | 41.2    | 39.7    |
| Machinery (Excl. Electrical)                 | 511.60                     | 500.65   | 516.26   | 43.1                    | 42.5    | 43.9    |
| Engines and Turbines                         | 621.85                     | 491.11   | 582.99   | 46.2                    | 38.1    | 44.3    |
| Farm Machinery and Equipment                 | 481.69                     | 573.95   | 642.06   | 41.1                    | 45.3    | 50.2    |
| Constr., Mining, Material Handling Machinery | 544.56                     | 508.52   | 517.54   | 45.8                    | 43.8    | 44.5    |
| Metalworking Machinery and Equipment         | 536.36                     | 549.19   | 534.36   | 42.4                    | 43.9    | 43.8    |
| Special Ind. Mach., Excl. Metalworking       | 537.03                     | 538.57   | 504.02   | 44.2                    | 44.4    | 43.6    |
| Gen. Industrial Mach. and Equip.             | 438.37                     | 446.61   | 431.66   | 39.6                    | 41.2    | 39.1    |
| Electrical Machinery, Equip. and Supplies    | 388.55                     | 404.61   | 414.72   | 38.7                    | 40.1    | 40.5    |
| Electrical Industrial Apparatus              | 434.30                     | 439.95   | 457.03   | 40.4                    | 41.9    | 42.2    |
| Transportation Equipment                     | 540.91                     | 579.45   | 584.00   | 38.2                    | 40.1    | 40.0    |
| Instrument and Related Products              | 350.23                     | 342.61   | 384.89   | 37.7                    | 36.8    | 41.7    |
| Nondurable Goods                             | 438.90                     | 437.72   | 420.84   | 41.8                    | 41.1    | 40.7    |
| Food and Kindred Products                    | 404.28                     | 405.73   | 382.40   | 42.2                    | 39.7    | 40.0    |
| Meat Products                                | 379.25                     | 378.94   | 371.77   | 41.0                    | 41.1    | 41.4    |
| Dairy Products                               | 410.23                     | 410.00   | 401.53   | 40.9                    | 41.0    | 40.6    |
| Textile Mill Products                        | 363.48                     | 364.08   | 310.91   | 46.9                    | 47.1    | 42.3    |
| Apparel and Other Finished Products          | 249.81                     | 256.70   | 271.75   | 36.9                    | 38.2    | 40.2    |
| Paper and Allied Products                    | 613.01                     | 593.78   | 583.98   | 46.3                    | 45.5    | 45.2    |
| Pulp and Paper Mills                         | 668.33                     | 644.37   | 638.48   | 46.9                    | 45.7    | 46.2    |
| Printing, Publishing and Allied Products     | 413.22                     | 427.35   | 407.74   | 37.6                    | 38.5    | 37.0    |
| Chemicals and Allied Products                | 406.69                     | 409.14   | 401.28   | 39.6                    | 39.8    | 38.4    |
| Rubber and Misc. Plastics Products           | 347.60                     | 346.93   | 331.85   | 40.0                    | 40.2    | 39.6    |
| Leather and Leather Products                 | 256.13                     | 265.69   | 252.21   | 37.5                    | 38.9    | 37.7    |

# WISCONSIN ECONOMIC INDICATORS

| AVERAGE HOURLY EARNINGS<br>Unadjusted<br>JULY | Including<br>Overtime |         |         | Excluding<br>Overtime |         |         |
|-----------------------------------------------|-----------------------|---------|---------|-----------------------|---------|---------|
|                                               | Latest Mo.            | Mo. Ago | Yr. Ago | Latest Mo.            | Mo. Ago | Yr. Ago |
| All Manufacturing (Incl. Canning)             | \$10.62               | \$10.68 | \$10.56 | \$10.16               | \$10.21 | \$10.08 |
| All Manufacturing (Excl. Canning)             | 10.76                 | 10.72   | 10.67   | 10.32                 | 10.25   | 10.18   |
| Durable Goods                                 | 10.70                 | 10.70   | 10.70   | 10.31                 | 10.27   | 10.24   |
| Lumber and Wood Products (Excl. Furniture)    | 8.16                  | 8.23    | 7.92    | 7.90                  | 7.93    | 7.59    |
| Furniture and Fixtures                        | 8.49                  | 8.47    | 8.46    | 8.28                  | 8.20    | 8.12    |
| Stone, Clay, and Glass Products               | 10.03                 | 9.90    | 9.58    | 9.22                  | 9.11    | 8.91    |
| Primary Metal Industries                      | 10.55                 | 10.67   | 10.26   | 10.01                 | 10.04   | 9.71    |
| Iron and Steel Foundries                      | 10.32                 | 10.56   | 10.11   | 9.71                  | 9.87    | 9.47    |
| Fabricated Metal Products                     | 10.29                 | 10.27   | 10.11   | 9.86                  | 9.83    | 9.70    |
| Fabricated Structural Metal Products          | 10.29                 | 10.25   | 9.86    | 9.87                  | 9.83    | 9.36    |
| Metal Stampings                               | 11.29                 | 11.30   | 11.28   | 10.82                 | 10.77   | 10.77   |
| Machinery (Excl. Electrical)                  | 11.87                 | 11.78   | 11.76   | 11.45                 | 11.29   | 11.34   |
| Engines and Turbines                          | 13.46                 | 12.89   | 13.16   | 13.39                 | 12.72   | 12.96   |
| Farm Machinery and Equipment                  | 12.72                 | 12.67   | 12.79   | 11.20                 | 11.99   | 12.42   |
| Constr., Mining, Material Handling Machinery  | 11.89                 | 11.61   | 11.63   | 11.53                 | 11.13   | 11.10   |
| Metalworking Machinery and Equipment          | 12.65                 | 12.51   | 12.20   | 12.05                 | 11.93   | 11.62   |
| Special Ind. Mach., Excl. Metalworking        | 12.15                 | 12.13   | 11.56   | 11.44                 | 11.47   | 11.00   |
| Gen. Industrial Mach. and Equip.              | 11.07                 | 10.84   | 11.04   | 10.59                 | 10.35   | 10.61   |
| Electrical Machinery, Equip. and Supplies     | 10.04                 | 10.09   | 10.24   | 9.78                  | 9.79    | 9.83    |
| Electrical Industrial Apparatus               | 10.75                 | 10.50   | 10.83   | 10.46                 | 10.16   | 10.36   |
| Transportation Equipment                      | 14.16                 | 14.45   | 14.60   | 13.71                 | 13.96   | 13.79   |
| Instrument and Related Products               | 9.29                  | 9.31    | 9.23    | 9.08                  | 9.05    | 8.87    |
| Nondurable Goods                              | 10.50                 | 10.65   | 10.34   | 9.94                  | 10.13   | 9.81    |
| Food and Kindred Products                     | 9.58                  | 10.22   | 9.56    | 8.95                  | 9.67    | 9.00    |
| Meat Products                                 | 9.25                  | 9.22    | 8.98    | 8.83                  | 8.73    | 8.42    |
| Dairy Products                                | 10.03                 | 10.00   | 9.89    | 9.56                  | 9.50    | 9.39    |
| Textile Mill Products                         | 7.75                  | 7.73    | 7.35    | 7.16                  | 7.13    | 7.03    |
| Apparel and Other Finished Products           | 6.77                  | 6.72    | 6.76    | 6.63                  | 6.61    | 6.50    |
| Paper and Allied Products                     | 13.24                 | 13.05   | 12.92   | 12.50                 | 12.34   | 12.19   |
| Pulp and Paper Mills                          | 14.25                 | 14.10   | 13.82   | 13.47                 | 13.28   | 12.97   |
| Printing, Publishing and Allied Products      | 10.99                 | 11.10   | 11.02   | N.A.                  | N.A.    | N.A.    |
| Chemicals and Allied Products                 | 10.27                 | 10.28   | 10.45   | 9.95                  | 9.94    | 10.10   |
| Rubber and Misc. Plastics Products            | 8.69                  | 8.63    | 8.38    | 8.32                  | 8.31    | 8.03    |
| Leather and Leather Products                  | 6.83                  | 6.83    | 6.69    | 6.67                  | 6.63    | 6.57    |

## SUMMARY OF RECENT WISCONSIN DATA

| EARNINGS AND HOURS, MFG.<br>Production Workers<br>(Unadjusted) | AVERAGE WEEKLY<br>EARNINGS |              |             | AVERAGE WEEKLY<br>HOURS |              |             | AVERAGE HOURLY EARNINGS |              |             |                 |              |             |
|----------------------------------------------------------------|----------------------------|--------------|-------------|-------------------------|--------------|-------------|-------------------------|--------------|-------------|-----------------|--------------|-------------|
|                                                                |                            |              |             |                         |              |             | INCL. OVERTIME          |              |             | EXCL. OVERTIME  |              |             |
|                                                                | Latest<br>Month            | Month<br>Ago | Year<br>Ago | Latest<br>Month         | Month<br>Ago | Year<br>Ago | Latest<br>Month         | Month<br>Ago | Year<br>Ago | Latest<br>Month | Month<br>Ago | Year<br>Ago |
| JULY                                                           |                            |              |             |                         |              |             |                         |              |             |                 |              |             |
| United States                                                  | \$424.04                   | \$429.08     | \$413.92    | 40.5                    | 41.1         | 40.7        | \$10.47                 | \$10.44      | \$10.17     | .....           | .....        | .....       |
| Wisconsin                                                      | 438.61                     | 440.02       | 438.24      | 41.3                    | 41.2         | 41.5        | 10.62                   | 10.68        | 10.56       | 10.16           | 10.21        | 10.21       |
| Appleton-Oshkosh (Calumet-<br>Winnebago-Outagamie)             | 510.56                     | 516.70       | 476.79      | 43.9                    | 44.2         | 42.8        | 11.63                   | 11.69        | 11.14       | 11.09           | 11.14        | 11.14       |
| Eau Claire (Eau Claire-<br>Chippewa)                           | 463.22                     | 453.88       | 440.84      | 44.2                    | 42.9         | 41.2        | 10.48                   | 10.58        | 10.70       | 9.82            | 10.04        | 10.04       |
| Green Bay (Brown County)                                       | 473.34                     | 460.09       | 477.54      | 42.0                    | 39.8         | 42.0        | 11.27                   | 11.56        | 11.37       | 10.83           | 11.03        | 11.03       |
| Janesville-Beloit (Rock Co.)                                   | 502.07                     | 506.26       | 507.02      | 38.8                    | 39.8         | 40.4        | 12.94                   | 12.72        | 12.55       | 12.40           | 12.27        | 12.27       |
| Kenosha (County)                                               | 480.66                     | 506.88       | 477.87      | 42.2                    | 42.1         | 38.6        | 11.39                   | 12.04        | 12.38       | 10.85           | 11.49        | 11.49       |
| La Crosse (County)                                             | 392.00                     | 388.40       | 358.93      | 40.0                    | 40.0         | 39.4        | 9.80                    | 9.71         | 9.11        | 9.44            | 9.40         | 9.40        |
| Madison (Dane County)                                          | 413.67                     | 405.41       | 418.58      | 39.7                    | 40.1         | 41.9        | 10.42                   | 10.11        | 9.99        | 10.07           | 9.78         | 9.78        |
| Milwaukee (Milwaukee-Ozaukee-<br>Washington-Waukesha)          | 464.46                     | 469.36       | 482.23      | 40.6                    | 41.1         | 41.5        | 11.44                   | 11.42        | 11.62       | 10.98           | 10.91        | 10.91       |
| Racine (County)                                                | 412.34                     | 446.56       | 458.84      | 38.5                    | 39.8         | 41.3        | 10.71                   | 11.22        | 11.11       | 10.35           | 10.76        | 10.76       |
| Sheboygan (County)                                             | INA                        | INA          | INA         | INA                     | INA          | INA         | INA                     | INA          | INA         | INA             | INA          | INA         |
| Wausau (Marathon County)                                       | 447.32                     | 430.96       | 422.58      | 42.4                    | 41.8         | 42.3        | 10.55                   | 10.31        | 9.99        | 10.01           | 9.76         | 9.76        |

INA - Information Not Available due to budget reductions

| MANUFACTURING EMPLOYMENT<br>Unadjusted<br>JULY        | (In Thousands) |         |         | % CHANGE |        |
|-------------------------------------------------------|----------------|---------|---------|----------|--------|
|                                                       | Latest Mo.     | Mo. Ago | Yr. Ago | Mo/Ago   | Yr/Ago |
|                                                       |                |         |         |          |        |
| United States                                         | 19577.0        | 19761.0 | 19364.0 | -0.9%    | 1.1%   |
| Wisconsin                                             | 562.9          | 560.6   | 562.1   | 0.4%     | 0.1%   |
| Appleton-Oshkosh (Calumet-Winne-<br>bago-Outagamie)   | 54.2           | 53.7    | 54.2    | 0.9%     | 0.0%   |
| Eau Claire (Eau Claire-Chippewa)                      | 11.9           | 12.0    | 11.5    | -0.8%    | 3.5%   |
| Green Bay (Brown County)                              | 27.3           | 26.3    | 25.7    | 3.8%     | 6.2%   |
| Janesville-Beloit (Rock County)                       | 17.0           | 16.7    | 18.1    | 1.8%     | -6.1%  |
| Kenosha (County)                                      | 9.9            | 9.7     | 14.2    | 2.1%     | -30.3% |
| La Crosse (County)                                    | 11.1           | 11.0    | 11.4    | 0.9%     | -2.6%  |
| Madison (Dane County)                                 | 25.4           | 25.4    | 24.7    | 0.0%     | 2.8%   |
| Milwaukee (Milwaukee-Ozaukee-<br>Washington-Waukesha) | 176.1          | 176.5   | 174.1   | -0.2%    | 1.1%   |
| Racine (County)                                       | 25.4           | 26.2    | 25.6    | -3.1%    | -0.8%  |
| Sheboygan (County)                                    | INA            | INA     | INA     |          |        |
| Wausau (Marathon County)                              | 14.6           | 14.6    | 14.3    | 0.0%     | 2.1%   |

# WISCONSIN'S ECONOMIC OUTLOOK

by David H. Peterson and Gene Schubert

Department of Revenue

The U.S. economy is now operating at a high level of capacity. Labor and capital resources are being nearly fully utilized--the unemployment rate is a relatively low 5.3 percent and capacity utilization in manufacturing is a relatively high 84 percent. With resources fully utilized, output growth can be realized only through growth in the labor force (which is presently constrained by demographic factors) and additions to capacity. Strong growth in demand for output at this stage in the business cycle is likely to lead to "demand pull" inflation which occurs when the quantity of goods demanded exceeds the ability of the economy to produce.

The Federal Reserve Board, fearful of a resurgence of inflation, has pursued a relatively restrictive monetary policy through 1988 and into 1989. This policy appears to have been effective in slowing the rate of economic growth as indicated by reports for 1989 across a broad range of economic indicators.

The Federal Reserve Board believes that the economy can currently grow at about 2.5 percent without increasing inflation. This is somewhat above the current growth rate of real GNP. However, the Federal Reserve Board has also stated that its goal is to reduce inflation to near zero percent. Herein lies the conflict. To increase economic growth, monetary easing is indicated; but to reduce inflation, a more restrictive policy is indicated.

The current forecast assumes that the Federal Reserve Board will balance these conflicting views by allowing only modest economic growth. This degree of restraint will not be sufficient to reduce inflation below its current 4 percent to 5 percent rate; however, it will prevent an

acceleration. A recession in the near term is not foreseen, although growth will average a mere 1.2 percent over the next four quarters.

The forecast is thus a positive one in which slow but steady growth in the economy leads to slow but steady growth in income and employment. Slow but steady progress on the federal budget deficit and on the trade deficit is also expected. However, the risk of weaker economic performance in the next four quarters, creating a mild recession in late 1989 or early 1990, cannot be completely discounted.

A slowdown in the rate of growth in consumer spending is an important element of the current forecast. After several years of heavy spending, the consumer sector has accumulated consumer durables and a significant debt burden. Accordingly, a period of slower growth in consumer purchases is expected.

Growth in purchases of consumer durables will decrease the most rapidly, with auto sales accounting for most of the decline. The recent weakness in auto sales has led to the buildup of auto inventories. The shutdown of facilities necessary to bring inventories down to more normal levels is likely to have a significant impact on GNP in the third and fourth quarters of this year.

Consumer spending on nondurable goods is less volatile and is expected to slow slightly this year and next, partly in response to price increases in food and energy.

Overall, the housing sector should provide a modest counterbalance to the general cyclical weakness expected in late 1989 and early 1990, with falling

## WISCONSIN ECONOMIC INDICATORS

mortgage interest rates providing the impetus.

Residential investment, which has been declining for the last two years, should be bottoming out. Mortgage rates have declined recently and are expected to decline further as the economy weakens. This should increase single family housing starts.

With the weakness in consumer spending and housing during the first two quarters of 1989, economic growth has had to depend on growth in investment spending and export demand. Growth in investment spending is coming entirely from producers durable equipment. Nonfarm inventory investment is weak, increasing more slowly than last year. Investment in nonresidential structures has been declining.

Unfortunately, spending for producers' durable equipment is unlikely to continue its rapid growth. As producers become convinced that the economy has shifted into a lower gear, they will scale back their plans to expand capacity.

On an annual basis, total business spending will be weak both this year and next. This year, weakness in inventory investment will offset the early strength in producers' durables. In 1990, little growth will be seen in any major category of investment.

With the current weakness in consumption, housing and government spending, and expected weakness in investment, economic growth is going to depend heavily on growth in exports. Between the first quarter of 1989 and the second quarter of 1990, exports are expected to provide over half the growth in real GNP. For this to happen, the dollar must fall from its current level. Such a fall is likely in light of the recent decline in interest rates and the continuing trade deficit.

### WISCONSIN OUTLOOK

The Wisconsin economy will soon begin to show signs of cooling, although employment growth to date remains positive and income is recovering from the effects of last year's drought. Because the expected slowdown will occur mostly next year, the Wisconsin economy will likely show little weakness this year. Employment growth is expected to be 2.3 percent this year after a 2.8 percent gain in 1988. Personal income is expected to grow by 8.7 percent this year following a 6.1 percent growth last year, which was significantly impacted by a 50 percent decline in farm income. Excluding the contribution of farm income, personal income would have shown a gain of 7.4 percent last year followed by an expected gain of 7.7 percent this year.

As the economy begins to lose steam in the last half of this year and into 1990, the Wisconsin employment and income picture will show the regional effects of slow growth. Total nonfarm employment is expected to grow by only 0.7 percent in 1990, followed by gains of 1.9 percent and 1.6 percent in 1991 and 1992, respectively. Total personal income gains will slow to 4.7 percent in 1990 before resuming to growth above 6.5 percent in 1991 and 1992.

In the April to June period, the number of nonfarm jobs in Wisconsin declined from the previous quarter by 9,200, measured on a seasonally adjusted basis. Some of this decline is related to unstable seasonal factors, especially in construction, which showed a decline of 4,900. Other industries which showed declines were durable manufacturing (-6,700), and transportation (-1,600). The loss of jobs in durable manufacturing includes the previously anticipated loss of Chrysler workers in Kenosha, plus some temporary layoffs in the nonelectrical machinery industry due to softness in the demand for recreational boating

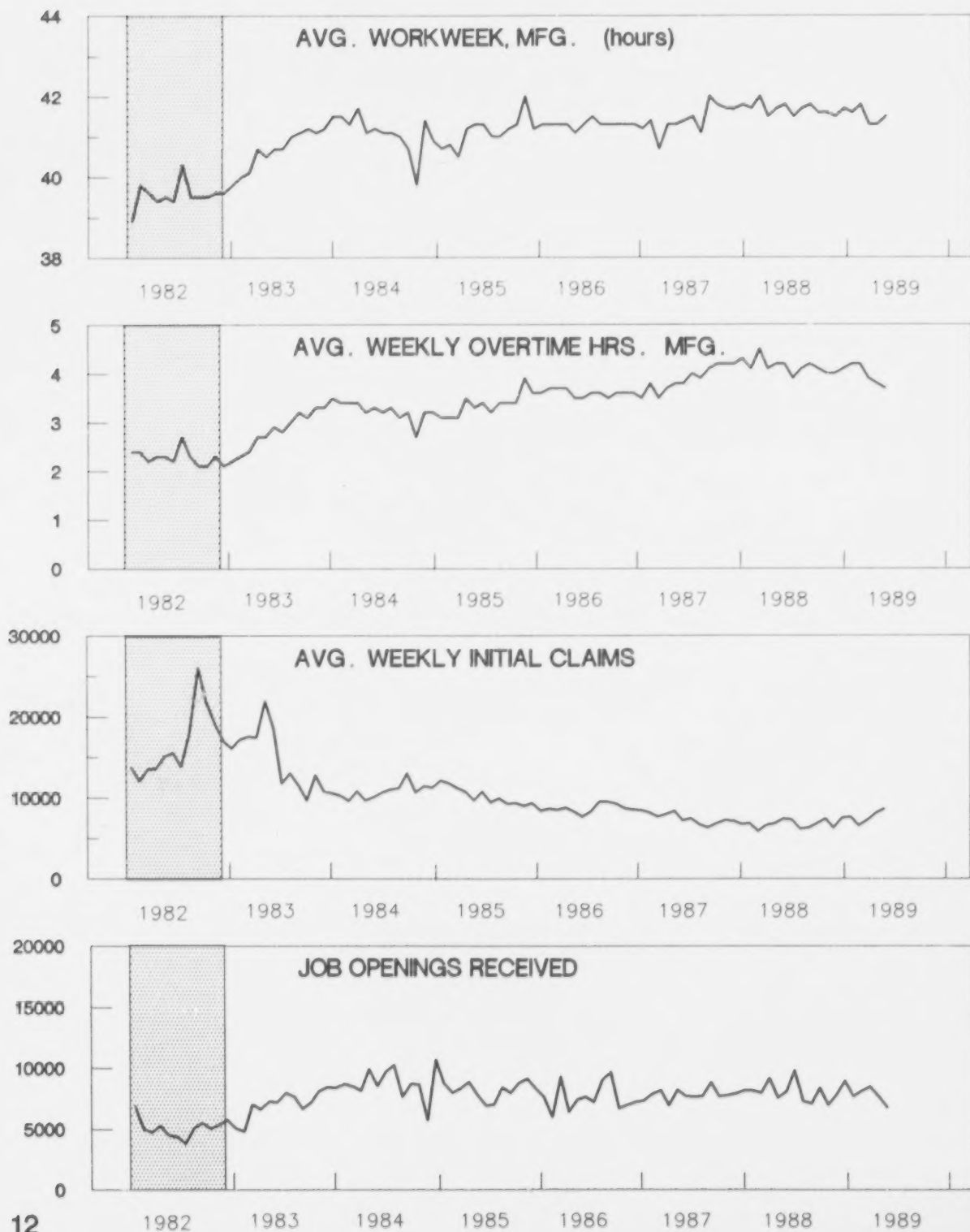
# WISCONSIN EMPLOYMENT FORECAST

(Thousands of Workers, Annual Average)

|                            | 1988   | 1989   | 1990   | 1991   | 1992   |
|----------------------------|--------|--------|--------|--------|--------|
| MANUFACTURING              | 550.6  | 553.2  | 542.9  | 551.6  | 555.3  |
| DURABLES                   | 338.0  | 337.2  | 328.3  | 336.4  | 339.7  |
| LUMBER PRODUCTS            | 28.3   | 28.9   | 29.1   | 29.8   | 29.6   |
| STONE, CLAY, GLASS         | 9.1    | 9.2    | 9.2    | 9.3    | 9.4    |
| PRIMARY METALS             | 21.9   | 22.7   | 21.6   | 22.8   | 23.8   |
| FABRICATED METALS          | 57.4   | 58.8   | 56.0   | 56.8   | 57.3   |
| NON-ELECT. MACHINERY       | 107.3  | 108.3  | 106.0  | 108.7  | 110.9  |
| ELECTRICAL MACHINERY       | 47.4   | 47.2   | 46.0   | 46.6   | 46.8   |
| TRANS. EQUIPMENT           | 32.1   | 26.7   | 26.4   | 28.3   | 27.8   |
| OTHER DURABLES             | 34.4   | 35.3   | 34.1   | 34.0   | 34.0   |
| NONDURABLES                | 212.6  | 215.9  | 214.5  | 215.2  | 215.7  |
| FOOD PRODUCTS              | 62.5   | 63.5   | 63.3   | 62.5   | 61.4   |
| PAPER PRODUCTS             | 50.1   | 49.9   | 49.1   | 50.0   | 50.4   |
| PRINTING & PUBLISHING      | 43.8   | 45.8   | 46.3   | 47.4   | 48.7   |
| CHEMICALS                  | 10.4   | 10.7   | 10.9   | 10.9   | 10.7   |
| RUBBER & PLASTICS          | 26.6   | 28.6   | 28.4   | 27.8   | 28.0   |
| OTHER NONDURABLES          | 19.1   | 17.4   | 16.6   | 16.7   | 16.5   |
| MINING                     | 2.2    | 2.5    | 2.5    | 2.4    | 2.3    |
| CONSTRUCTION               | 71.5   | 78.0   | 77.3   | 77.3   | 77.0   |
| TRANS., COMM., UTILITIES   | 97.4   | 99.4   | 98.1   | 99.5   | 100.9  |
| FINANCE, INSUR., REAL EST. | 115.3  | 118.8  | 120.8  | 123.9  | 126.5  |
| TRADE                      | 505.9  | 518.6  | 525.1  | 532.8  | 540.9  |
| SERVICES                   | 479.9  | 494.8  | 510.6  | 533.2  | 554.3  |
| GOVERNMENT                 | 326.2  | 332.2  | 335.5  | 334.8  | 334.6  |
| *****                      |        |        |        |        |        |
| TOTAL EMPLOYMENT (Nonfarm) | 2149.0 | 2197.6 | 2212.6 | 2255.5 | 2292.0 |

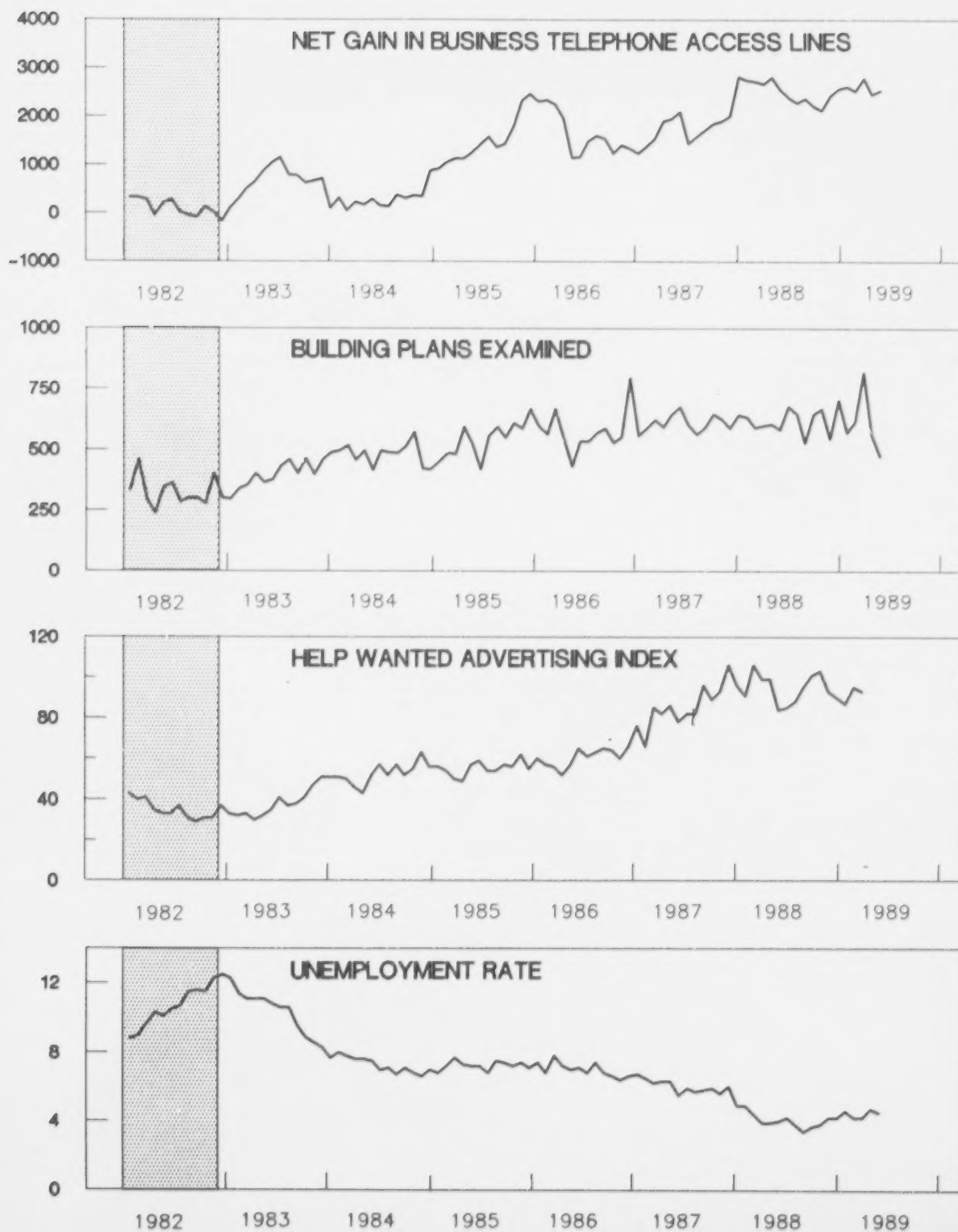
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## CYCLICAL INDICATORS



# D

## CYCLICAL INDICATORS



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(Continued from page 10)

equipment, and the lingering effects of the drought on the demand for lawn and garden equipment. The usual sources of continued job growth--the trade, financial, and service industries--also contributed to the quarter's weak showing by posting a net gain of only 700, compared to a gain of 17,700 during the first quarter.

In the first quarter of this year, the latest period available for personal income estimates, Wisconsin personal income expanded by \$2,757 billion, measured at an annual rate. Wages and salaries advanced by \$0.762 billion and farm income by \$1.130 billion.

For the remainder of this year and for 1990, those Wisconsin industries which are usually sensitive to cyclical swings in the economy are likely to show declines in employment. Durable manufacturing jobs are expected to decline by 2.6 percent in 1990, but will recover in 1991 and 1992 to show growth rates of 2.5 percent and 1 percent respectively. Similarly, nondurable manufacturing jobs will decline by 0.6 percent in 1990 followed by gains of 0.3 percent and 0.2 percent in 1991 and 1992. The industries within manufacturing which are likely to show the largest declines next year are: furniture products (-4.9%), primary metals (-4.9%), fabricated metals (-4.7%), instruments (-3.2%), electrical machinery (-2.7%), and nonelectrical machinery (-2.1%).

Construction jobs are expected to decline by 0.8 percent and transportation jobs by 1.9 percent in 1990. Other industries will not likely see declines in employment but will grow much more slowly. Finance, insurance, and real estate employment is expected to grow by 1.7 percent next year after a 3.0 percent this year. Trade employment growth should fall to 1.3 percent following a growth of 2.5 percent this year. Employment growth in the service industries is likely to be unchanged.

Personal income and its components will also be subject to reduced growth during the next eighteen months. Wages and salaries should grow by only 4.8 percent in 1990 after a 7.0 percent growth this year. Interest income will also slow dramatically from 14.5 percent growth this year to 5.2 percent growth in 1990. Transfer payments will increase in line with slightly higher unemployment, growing by 7.6 percent in 1990 versus 7.3 percent this year.

The outlook for 1991 and 1992 is modestly optimistic in that employment and income growth return to longer term trends after the "soft landing" is complete. But the prospect of continued economic fluctuations around the shallow cycle remains very likely as long as no substantial moves are taken to reduce the federal budget deficit and trade imbalances.